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FISCAL IMPACT STATEMENT

LS 7489

BILL NUMBER: HB 1386

NOTE PREPARED: Jan 15, 2013

BILL AMENDED:

SUBJECT: Motor Vehicle Review Board.

FIRST AUTHOR: Rep. Speedy

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Motor Vehicle Review Board to assist the Secretary of State (SOS) in matters related to motor vehicle dealers, manufacturers, and distributors, including the adjudication of unfair practices. The bill provides that proceedings of the board are subject to the Administrative Orders and Procedures Act (AOPA).

The bill authorizes the Board to impose and collect filing fees and civil penalties. It establishes the Motor Vehicle Review Board Administrative Fund and deposits the fees and penalties prescribed under the bill in the fund.

The bill also amends existing provisions and establishes new provisions concerning unfair practices with respect to motor vehicle dealers, manufacturers, and distributors.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill creates the Motor Vehicle Review Board and specifies board responsibilities. The expenditure per meeting for the board is estimated to be approximately \$1,650. Expenditures for board meetings and workload of the board could be offset by revenue generated from filing fees and civil penalties deposited in the Motor Vehicle Review Board Administrative (MVRB) Fund, also created by the bill.

Additionally, to the extent that the board institutes civil actions, the workload of the Office of the Attorney General could increase to seek injunctive relief against individuals.

The bill also allows individuals to appeal decisions made by the board under AOPA, which could increase the workload of administrative law judges to review determinations made by the Motor Vehicle Review Board.

The increases in workload that could result from this bill fall within the routine administrative functions of the impacted state agencies and are expected to be absorbed within existing staffing and resource levels.

Explanation of State Revenues: *Summary:* This bill increases the number of unfair practices regarding motor vehicles in the state. As a result, this bill could increase revenue received from filing fees, civil penalties, and court fees. Revenue from civil penalties for unfair practice actions filed with the Securities Division of the Secretary of State are still to be deposited in the Securities Division Enforcement Account. Civil penalties associated with the Motor Vehicle Review Board are to be deposited in the Motor Vehicle Review Board Fund (MVRB Fund). Money in the nonreverting MVRB Fund is continuously appropriated for the purposes of the fund and is to consist of filing fees, penalty revenue, appropriations, and interest.

Additional Information:

Revenue from Filing Fees: The bill creates the following filing fees to be deposited in the MVRB Fund:

- (1) Consumer complaint alleging violation of IC 9-23, \$75.
- (2) Dealer, distributor, manufacturer protest alleging violation of IC 9-23 or deceptive franchise practices (IC 23-2-2.7), \$3,000.

Revenue from Civil Penalties: Under current law, the penalty for an unfair practice involving motor vehicles filed with the Securities Division of the Secretary of State is subject to a civil penalty between \$50 and \$1,000 for each day of violation or each violating act. The court determines the specific penalty amount. Revenue collected from these civil penalties is currently deposited in the Securities Division Enforcement Account.

Under the bill, an unfair practice (violation of IC 9-23-3) and deceptive franchise practice that is filed with the Motor Vehicle Review Board is punishable with a civil penalty not to exceed \$1,000 for each day or violation or each violating act. Revenue collected from these civil penalties is to be deposited in the MVRB Fund.

Depending on if a complaint is filed with the Securities Division or the Motor Vehicle Review Board, some revenue from penalty fees could be deposited in the MVRB Fund and some deposited in the Securities Division Enforcement Account. Because the bill creates additional unfair practices and amends current unfair practices, this bill could increase overall state revenue from civil penalties. Increases in revenue from civil penalties is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: SOS, Attorney General, AOPA ALJs, Circuit/Superior Courts.

Local Agencies Affected:

Information Sources: Matt Light, Office of the Attorney General.

Fiscal Analyst: Bill Brumbach, 232-9559.